

Building social enterprise ecosystems in India: Lessons from Sankalp

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*Why are some places more entrepreneurial than others? The answer might lie in entrepreneurship 'ecosystems' – the wider structures that support innovation and entrepreneurial activity in an area – a topic discussed at this year's Global Sankalp Summit in Delhi. **Florence Engasser** and **Madeleine Gabriel** discuss the components that feed into successful ecosystems and raise questions about developing them in different contexts.*



On 9 and 10 April 2015, over 500 social innovators, incubators, impact investors, corporates and government actors gathered in New Delhi for the annual [Global Sankalp Summit](#) to discuss how innovation can trigger inclusive economic growth.

An initiative of Indian company [Intellectap](#), the Sankalp Summit first ran in 2009 and now connects with over 400 enterprises, investors and funders, engaging with a growing community of people driven by unlocking social impact at the Bottom of the Pyramid. In 2015, Sankalp partnered with some of India's big names in the field of social impact, such as [Villgro](#), [WISH Foundation](#), [Ashoka](#) and the [Omidyar Network](#). The public sector was equally well represented, suggesting growing awareness around and interest for the benefits of social innovation. Four Government of India ministers gave keynote addresses, including Shri Nitin Gadkari, Minister of Road Transport, Highways and Shipping, Shri Rajiv Pratap Rudy, Minister of State for Skill Development and Entrepreneurship and Shri Manoj Sinha, Minister of State for Railways.



A [2012 report](#) on the Indian social enterprise landscape by Intellectap revealed that among 95 social enterprises surveyed across India, 75% were concentrated in higher-income states (Maharashtra, Karnataka, Andhra Pradesh, Tamil Nadu and the National Capital Region). Additionally, 70% of these enterprises had headquarters in major metropolitan areas such as Mumbai, Bangalore, Hyderabad, Chennai and New Delhi. Strong entrepreneurship support ecosystems have consequently flourished in the main metropolises. Examples include:

- Impact accelerators: the [Villgro Incubator](#), based in Chennai, supports experienced entrepreneurs looking to develop for-profit business that support agriculture, education, energy and healthcare in rural areas.
- Co-working spaces: [Bombay Connect](#) is Mumbai's first member-only co-working space for social ventures, offering space, support and events.
- Impact angel networks: the [Intellectap Impact Investment Network](#), set up in 2011 in Mumbai, is India's first angel investment network focused on plugging the demand for funding from pre-VC Indian social enterprises in region of \$100,000-500,000.

Two days of intense cross-theme plenary and panel sessions at the Sankalp Summit showed that one of the stand-out challenges for India is to strengthen innovation and entrepreneurship *outside* the main metros, in Tier 2, 3 and 4 cities.

A panel session on the [Drivers of a Robust Social Enterprise Ecosystem](#) was particularly inspiring and led us to reflect upon the need for more decentralisation entrepreneurship ecosystems. The panel gathered together Randall Kempner, executive director of the [Aspen Network of Development Entrepreneurs](#) (ANDE), Dr. Ritu Verma, co-founder and managing partner of [Ankur Capital](#), Chintan Bakshi, COO of [Startup Oasis](#) and Sunita Singh, co-founder of the [National Entrepreneurship Network](#) (NEN) and vice-president of the [Wadhvani Foundation](#). Moderated by Dr. Linna Sonne, head of [Okapi](#)'s Mumbai office, the panel tackled the importance of building local

social entrepreneurship ecosystems and addressed some of the gaps and challenges in the growth of early stage social enterprises, identifying opportunities for collaboration between the actors of a same system.

A simple equation: ASSETS + NETWORKS + CULTURE = SUCCESSFUL ECOSYSTEM

The panel agreed that entrepreneurship ecosystems can only really function and be efficient at the *local level*. Developing some of the concepts discussed by the panel, we have built a simple equation representing and linking the conditions for building and strengthening successful entrepreneurship ecosystems. So, what are these conditions?

- **Assets:** innovative people, entrepreneurs, existing infrastructure or services. Most regions already have many assets, but are simply not able to link them together to produce an ecosystem.
- **Networks:** formal or informal, at the organisation or individual scale. In India, especially in rural areas, local and individual support ecosystems are usually already very strong and tight (relying mainly on friends and families). The panel made an interesting point: we can all build our own 'ecosystems' by creating good networks around ourselves. Aggregating these individual networks creates a stronger, wider ecosystem of support.
- **Culture:** 'entrepreneurial', 'risk taking' culture, a society that values entrepreneurship and a common language are the cement in an ecosystem. Beyond entrepreneurs themselves, families, friends, and other stakeholders at the fringe need to be engaged.

An ecosystem cannot truly thrive if one element of the equation is missing. Drawing on Dr. Lina Sonne's [2014 study of regional social enterprise ecosystems in India](#), the city of Pune, Maharashtra, provides an excellent example of a successful entrepreneurship ecosystem, while not being a major metropolis like Mumbai or New Delhi.

Looking at its *assets*, Pune has been building on strong industrial (automotive and electronics) and manufacturing sectors, enabling the development of a sustainable environment for tech startups. As a result, Pune is now considered one of India's most dynamic tech and entrepreneurial hubs. In terms of *networks* and *culture*, Pune has been able to foster growing interactions between an active, locally-focused civil society and a large number of aspiring and young tech or social entrepreneurs. The city also counts many formal and informal entrepreneurship networks as well as offline or virtual peer-support groups. Initiatives like the [Pune Open Coffee Club](#) or [Start-up Saturday](#) greatly contribute to the diffusion of the entrepreneurship spirit and to the aggregation of entrepreneurs' individual networks. Finally, nicknamed the 'Oxford of the East', Pune has been very keen on promoting a 'risk taking' culture, primarily through an increasing number of university incubators and entrepreneurship-cells.

Incubator = facilitator?

By nature, incubators are very well placed to operate as ecosystems facilitators: well-managed, they can influence all three parts of the equation, and can even act as the initial spark starting off an ecosystem.

A great example is [Startup Oasis](#), an incubation centre based in Jaipur (Rajasthan). It was set up in partnership with the State government, ensuring its strong local focus. Startup Oasis aims to develop Rajasthan's ecosystem(s), supporting students, entrepreneurs and startups with scalable innovative solutions to persistent problems. Startup Oasis is led by a team of entrepreneurs with a deep understanding of local ecosystem components, therefore more experience and credibility in working towards making these components come together.

Implications for social entrepreneurship and incubation

By the end of the session, feeding on some of the audience's questions, Chintan Bakshi of Startup Oasis raised an extremely intriguing question: is social entrepreneurship an organic outcome of ecosystem building and strengthening? Is it possible, simply by empowering entrepreneurs who understand local context, needs and

challenges, to foster more responsible and socially-aware businesses? Do you really need to brand an incubator as 'social' to generate social businesses? Panel members argued that if a traditional business incubator is successful in local ecosystem building, more social businesses will flourish as a natural result. But what about some of the specific needs social enterprises may have, and that traditional business incubators may not be able to bring?

Another interesting question was brought forward by Sunita Singh of Wadhvani Foundation: do local ecosystems really need proper and traditional incubation centres right from the start? Using concepts from lean management, Sunita Singh evoked lean methods in ecosystem building, where no large amounts of money are thrown into real estate or infrastructure, especially when the culture element in the ecosystem is missing. Instead, building on the example of the National Entrepreneurship Network, she deemed more strategic to start infusing a relevant culture in local ecosystems, one small event at a time, making sure even the outsiders (friends and families, at the fringe) are properly engaged.

This leads to a final important idea raised during the panel. Dr. Ritu Verma and Chintan Bakshi emphasised how ecosystems in very remote and rural areas (Tier 3 and 4 cities) work in their very own and particular way. Overlooking the existence of such peculiar networks would be highly misleading: these ecosystems are in fact usually even more robust and resilient than ecosystems in Tier 1 and 2 cities because deeply rooted in local communities. Thus, is it accurate to ask whether the real challenge is, rather than rebuilding ecosystems from scratch, to make sure these micro-ecosystems are effectively linked into some of the larger (district-wide, division-wide or even region-wide) ecosystems?

Many questions remain to be answered but it is clear India is a pioneer in this area. Sankalp has left us with a ferocious desire to learn more, and looking forward to the 2016 edition!

Cover image credit: [Sankalp Forum](#).

Note: This article gives the views of the author, and not the position of the India at LSE blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.

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